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	DB=USPT; PLUR=YES; OP=OR		
	(4823264 6021202 5187351 5673320 5905800 5864828 5326959 5708806 5943423 5465299 5473690 5677955 4302810 5191613 L15 5504818 5532920 5224162 5521980 5615268 5956404 5724523 5297202 5321751 5748738 5671282 4423287 5673316 6016484 5283829 5343530 5557722 5218637 5530755)! [PN]	33	L15
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L14	('6209095')[ABPN1,NRPN,PN,TBAN,WKU]	2	L14
L13	L12 and authenticate	16	L13
L12	13 and report	61	L12
L11	705/36	1379	L11
L10	705/35	2340	L10
L9	705/38	972	L9
L8	12 and L7	146	L8
L7	705.clas.	40392	L7
L6	L3 and 705/35	7	L6

<u>L5</u>	L3 and 705/36	10	<u>L5</u>
<u>L4</u>	L3 and 705/38	19	<u>L4</u>
<u>L3</u>	L2 and (process\$ near loan or process\$ with loan or process\$ adj loan)	77	<u>L3</u>
<u>L2</u>	L1 and (federal or state) near (law or regulation)	175	<u>L2</u>
<u>L1</u>	(mortgage and loan or mortgage with loan or mortgage adj loan)	2093	<u>L1</u>

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[First Hit](#) [Fwd Refs](#) [Previous Doc](#) [Next Doc](#) [Go to Doc#](#)

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L3: Entry 72 of 77

File: USPT

Sep 30, 1997

US-PAT-NO: 5673402

DOCUMENT-IDENTIFIER: US 5673402 A

TITLE: Computer system for producing an illustration of an investment repaying a mortgage

DATE-ISSUED: September 30, 1997

INVENTOR-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY
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Millwood; Timothy S.	Atlanta	GA		

ASSIGNEE-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY	TYPE	CODE
The Homeowner's Endorsement Plan Incorporated	Stamford	CT				02

APPL-NO: 07/912978 [\[PALM\]](#)

DATE FILED: August 17, 1992

INT-CL-ISSUED: [06] [G06](#) [F](#) [157/00](#)

US-CL-ISSUED: 395/238

US-CL-CURRENT: [705/38](#)

FIELD-OF-CLASSIFICATION-SEARCH: 364/408, 364/401, 364/41R, 395/201, 395/238
See application file for complete search history.

PRIOR-ART-DISCLOSED:

U.S. PATENT DOCUMENTS

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	PAT-NO	ISSUE-DATE	PATENTEE-NAME	US-CL
<input type="checkbox"/>	3634669	January 1972	Soumas	
<input type="checkbox"/>	4334270	June 1982	Towers	
<input type="checkbox"/>	4346442	August 1982	Musmanno	
<input type="checkbox"/>	4648037	March 1987	Valentino	
<input type="checkbox"/>	4742457	May 1988	Leon	

<input type="checkbox"/>	<u>4750121</u>	June 1988	Halley
<input type="checkbox"/>	<u>4752877</u>	June 1988	Roberts
<input type="checkbox"/>	<u>4876648</u>	October 1989	Lloyd
<input type="checkbox"/>	<u>4953085</u>	August 1990	Atkins
<input type="checkbox"/>	<u>4974878</u>	December 1990	Josephson
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ART-UNIT: 241

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ATTY-AGENT-FIRM: Trzyna; Peter K.

ABSTRACT:

A computerized system for initiating, processing, preparing, storing, and transmitting illustrations of life insurance in conjunction with a mortgage, the illustrations being devoid of a cost containment clause. A computer accesses a database into which data is written and from which data is read, the data including information regarding the life to be insured, general applicant information, insurance information, mortgage information, and predetermined text data for incorporation into insurance illustrations. The computer is operable by connecting

to the database and at least one PC, including input and display apparatus, to permit data to be entered in and retrieved from the database. The computer is also provided with the capability of merging entered or stored data with the predetermined text data to compile the data and text into output embodying an illustration of life insurance in conjunction with a mortgage for the home buyer.

309 Claims, 120 Drawing figures

[Previous Doc](#)

[Next Doc](#)

[Go to Doc#](#)

[First Hit](#) [Fwd Refs](#) [Previous Doc](#) [Next Doc](#) [Go to Doc#](#)☐ [Generate Collection](#) [Print](#)

L3: Entry 72 of 77

File: USPT

Sep 30, 1997

DOCUMENT-IDENTIFIER: US 5673402 A

TITLE: Computer system for producing an illustration of an investment repaying a mortgageAbstract Text (1):

A computerized system for initiating, processing, preparing, storing, and transmitting illustrations of life insurance in conjunction with a mortgage, the illustrations being devoid of a cost containment clause. A computer accesses a database into which data is written and from which data is read, the data including information regarding the life to be insured, general applicant information, insurance information, mortgage information, and predetermined text data for incorporation into insurance illustrations. The computer is operable by connecting to the database and at least one PC, including input and display apparatus, to permit data to be entered in and retrieved from the database. The computer is also provided with the capability of merging entered or stored data with the predetermined text data to compile the data and text into output embodying an illustration of life insurance in conjunction with a mortgage for the home buyer.

Brief Summary Text (3):

This invention concerns an electrical computer and a data processing system, and methods involving the same, applied to the financial fields of insurance and mortgages. More particularly, this invention relates to a computer system for preparing, processing and transmitting life insurance premium quotes as part of a mortgage calculation in support of a new financial product. In the new financial product, life insurance is used as collateral and a means for repayment of a mortgage, and facilitates the purchase of real estate without (or with a greatly reduced) down payment. The invention includes automated aspects of the use of premiums paid on life insurance as a substitute for the initial down payment on a mortgage, the use of life insurance policy death benefits to retire the mortgage upon the death of the borrower, the use of accumulated cash values to retire the outstanding principal on a mortgage in the event of the borrower's survival, and the services of storage and transmission of data for all of the foregoing.

Brief Summary Text (5):

In the United States, the declining supply of low-cost housing and the inability of many low-income renters to save enough money to make a down payment has forced many potential home buyers out of the housing market, according to a study released Mar. 17, 1988, by the Harvard University Joint Center for Housing Studies. (Reported in the Mar. 28, 1988, Bureau of National Affairs Banking Report.) To address this problem in the United Kingdom, a way has been found to combine life insurance and a mortgage into what is known as an "endowment mortgage."

Brief Summary Text (6):

A UK endowment mortgage is a balloon payment mortgage combined with an endowment life insurance contract. A UK endowment life insurance policy provides life insurance coverage and tax-free accumulation of premium dollars invested in the life insurance policy over a stipulated time period--usually between twenty and forty years. The lender and the insurance company work in concert to engineer a balloon payment mortgage linked to an endowment life insurance policy so that, at the end of the mortgage period, the cash value accumulated via the life insurance

is sufficient to repay the mortgage in a single, lump-sum "balloon" repayment.

Brief Summary Text (7):

A home buyer financing the purchase of a home with a UK endowment mortgage pays no principal to the lender over the term of the mortgage. Monthly loan payments are limited to interest only. The mortgage principal is repaid separately by using the life insurance policy. This principal accumulates in an endowment life insurance policy--a universal life insurance policy with a level death benefit equal to the purchase price of the home. The premium dollars invested grow over the term of the mortgage to meet the amount of the principal borrowed to purchase the home. In the last year of the mortgage, the life insurance policy "endows," and the homeowner uses a one-time tax-free distribution from the life insurance policy to repay the mortgage.

Brief Summary Text (8):

The endowment mortgage has numerous advantages to UK borrowers and lenders. First, it is more tax-efficient for borrowers than a conventional amortization mortgage. This is because monthly payments include only interest and are therefore 100 percent tax deductible. Second, principal payments, made in the form of premium payments to the endowment policy (less the cost of mortality and insurance charges), accumulate tax free. This causes endowment policy assets to grow more rapidly, and in turn allows lenders to lower the amount of the required down payment. Third, it is a more secure lending vehicle for the lender. The lender has collateral rights to both the mortgaged property and the insurance policy. Fourth, because of the insurance component of the endowment mortgage, the homeowner has built-in security that so long as he or she maintains the mortgage payments, the survivors will inherit the mortgaged property free of the mortgage.

Brief Summary Text (9):

Subsequent generations of products have expanded on the endowment mortgage concept in the UK. Derivative versions of the product include the so-called Pension Mortgage and Personal Equity Plan (PEP) Mortgage. Both products link the UK equivalent of an Individual Retirement Account or Keough Account, term insurance, and a balloon payment mortgage. These financial products include all of the characteristics of an endowment mortgage (full deductibility of mortgage interest payments, life coverage, and tax-free accumulation of principal). The term insurance provides the life coverage component of the endowment mortgage, the Pension or PEP provides the tax-free accumulation of principal, and the balloon payment mortgage provides fully deductible loan interest. In addition, both the PEP and Pension mortgages have the additional benefit of offering at least a partially deductible principal repayment. Both PEP and Pension contributions are tax-deductible up to certain limits.

Brief Summary Text (10):

Endowment mortgages dominate the residential mortgage market in the UK. For example, approximately 82 percent of all mortgages underwritten in the UK in 1988 were endowment, pension, or PEP type mortgages. Conventional amortization type mortgages, similar to those commonly available in the United States, are also available in the UK, but these accounted for only 18 percent of new mortgage sales in 1988.

Brief Summary Text (11):

Despite their great success in the UK, endowment type mortgages have not similarly dominated the United States residential mortgage market, apparently largely due to the different laws of each nation. In the United States, federal statutes forbid most lenders from selling life insurance. Also, most states have laws forbidding tie-in sales of mortgages. A tie-in sale occurs when a lender insists that a borrower buy a particular insurance product from a particular life insurance company. Legal impediments also exist for life insurers wishing to lend money as an inducement to sell insurance. Further, in the United States the tax treatment of

life insurance is different from that in the United Kingdom. In the United States, policyowners must pay taxes on policy distributions in excess of the basis (for US tax purposes, the basis is equal to cumulative premium payments) in the contract. In the UK, distributions from endowment type insurance contracts are tax free.

Brief Summary Text (12):

Thus, in the US there is a unique problem of how to lawfully combine a mortgage and life insurance and additionally make a viable financial product. Accordingly, it is not surprising that computer systems to illustrate such a financial product have been lacking in the United States.

Brief Summary Text (13):

A proposal to combine life insurance and a mortgage, implemented by means of a computer system, has been made in U.S. Pat. No. 4,876,648, titled "System and Method for Implementing and Administrating a Mortgage Plan" (Charles Lloyd) (hereinafter "LLOYD"), issued on Oct. 24, 1988. Under LLOYD's mortgage scheme, as it is presently understood, each year the lender charges some percent over the standard interest rate to cover the cost of insurance premiums (\$100,000.times.1% = \$1,000 in LLOYD's example). These insurance premium payments buy an insurance policy that is owned by the lender as the means by which the mortgage principal is repaid. At five-year intervals, the homeowner may receive a rebate of this extra interest paid (and deducted) by exercising a cost containment clause. At the execution of this clause, the lender makes a distribution equal to the policy premiums to the homeowner. For example, in year 20, the distribution would be equal to \$20,000 for a total of 20 annual premiums of \$1,000. By exercising the cost containment clause to obtain the \$20,000 distribution and using that distribution to buy the life insurance policy from the lender at the lender's basis in the policy, \$20,000, the homeowner can pay down the mortgage. That is, the homeowner now owns an insurance policy with a cash value of \$40,648, which may be used to pay down the mortgage.

Brief Summary Text (14):

However, there are a number of significant problems with the LLOYD approach. These problems seem to center on the mechanism for getting the money out of the insurance policy to retire the mortgage, i.e., the cost containment clause. One significant problem that may be real or perceptual is the possibility that the financial product could be viewed as constituting an unlawful discrimination based on age and sex. That is, if the lender builds the cost of the policy premium into the mortgage interest rate, then there will be the appearance of charging different interest rates to different individuals based on their age and sex. Such pricing differences are lawful in a life insurance transaction because these factors relate to the insurance risk. But age and sex discrimination in lending is generally forbidden under the Equal Credit Opportunity Act, 15 U.S.C. .sectn.1691(a)(1), which provides that "It shall be unlawful for any creditor to discriminate against any applicant with respect to any aspect of a credit transaction--(1) on the basis of race, color, religion, national origin, sex or marital status, or age"

Brief Summary Text (16):

Another drawback of the LLOYD approach is that it has potentially adverse tax consequences. It is unclear if the incremental interest in the LLOYD financial product is tax deductible as home mortgage interest or non-tax deductible as an insurance policy premium payment. That is, if the homeowner has taken a deduction for the incremental interest paid of \$1,000 per year over the term of the mortgage, and the cost containment clause is exercised, it is not clear what the tax treatment of the rebate would be. Certainly the IRS will not permit the homeowner to take a deduction for an interest payment for money that is later rebated, and LLOYD acknowledges the possibility of a tax problem with his financial product. See Col. 16, lines 6-20.

Brief Summary Text (18):

Still another drawback to the LLOYD approach is its lack of flexibility. While LLOYD mentions the use of variable and fixed rate mortgages the borrower makes only fixed cost containment clause payments, and there exists no mechanism for adjusting the amount of the payments in the event of declining interest rates. The borrower is therefore financing the repayment of a fixed obligation (i.e., the mortgage) with a variable asset (i.e., an interest-sensitive universal life insurance policy). Thus, in the event of declining interest rates, there is no assurance that the cash value accumulated in the cost containment clause will be sufficient to completely repay the mortgage. Furthermore, if the individual wants to sell the home at any time other than at the precise five-year intervals required by the cost containment clause, he or she will lose the value of the incremental interest payments. It is undoubtedly cumbersome to have to retire the mortgage (i.e., exercise the cost containment clause) "only during the fifth, tenth, fifteenth, etc., years of the mortgage." See LLOYD at Col. 7, line 47-Col. 8, line 6.

Brief Summary Text (19):

Yet another problem with the LLOYD approach is that, under some circumstances, it appears that the lender may end up with either the incremental insurance payments or the insurance policy after the mortgage is retired. For example, if the home buyer missed the 30-day deadline required for the cost containment clause anniversary in year 20, even if the home buyer happens to have \$20,000 and buys the policy outright, he or she will receive a policy worth \$60,648. But because the home buyer has already invested \$20,000 over the previous twenty years, the lender is \$20,000 richer, and the homeowner \$20,000 poorer, for the exchange.

Brief Summary Text (20):

In addition, there appears to be a potential problem with the approach of LLOYD under circumstances where the mortgage is paid off with cash, such as when the mortgaged property is sold. Assume a \$100,000 mortgage is retired with cash at the end of the mortgage term. Under LLOYD, the borrower apparently must pay an additional \$30,000 to purchase the insurance policy from the lender.

Brief Summary Text (21):

This is not to say that the financial product proposed in LLOYD is not worthwhile. Rather, LLOYD provides an excellent example of the difficulty in linking a mortgage and an insurance product under the present laws of the United States on a commercially feasible basis.

Brief Summary Text (22):

In sum, then, United States laws (which define a US mortgage) and other obstacles have seemingly prevented a mortgage/insurance type product from being sold. Despite great success of the endowment type mortgage in the United Kingdom, despite billions of dollars lost in bad real estate loans and many collapsed lenders in the United States, despite the creative prowess of the US financial industry which has tried and failed to successfully develop and sell anything resembling a UK endowment type program in the US, the problem remained unsolved: "for some renters longing to enter the housing market, the likelihood of coming up with a down payment may seem like a pie-in-the-sky notion." (Chicago Tribune, Jan. 24, 1992.) It remained for the present inventors to find a solution.

Brief Summary Text (24):

Therefore it is an object of the present invention to provide a computerized investment and mortgage payment calculation system which overcomes the previously mentioned disadvantages and limitations of the prior art.

Brief Summary Text (25):

A further object of this invention is to provide a computerized investment and mortgage illustration system, and a method of operating that system, in which a standardized illustration request form is filled out electronically for the purposes of providing a mortgage quote and an investment quote, and a means for

computing mortgage and investment payments in conformity with those quotes.

Brief Summary Text (26):

An additional object of this invention is to provide a computerized investment and mortgage illustration system which uses a central computer to provide information concerning a mortgage using an investment as collateral and as a means for repaying the mortgage.

Brief Summary Text (27):

Another object of this invention is to provide a computer system for producing a printed illustration document which will permit comparison of the innovative financial product with other loan products.

Brief Summary Text (28):

Yet another object of this invention is to provide a computer system incorporating a central database into which data representing different lenders' mortgage rates is written and from which data is read in order to provide an illustration of a mortgage collateralized by an investment which is most suitable to the borrower's needs.

Brief Summary Text (29):

Still another object of this invention is to provide a computer system incorporating a central database into which data regarding different carriers' life insurance policies is written and verified by each such carrier authorized for retrieval thereof and from which is read data making up an illustration proposal of a mortgage backed by a life insurance policy which is most suitable to the borrower's needs given underwriting and policy requirements.

Brief Summary Text (30):

Still another object of the invention is to provide a computer system incorporating a central database accessible via modem capable of storing and transmitting locally applicable mortgage and insurance quotes on a national basis.

Brief Summary Text (31):

Still another object of this invention is to provide a computerized insurance and mortgage illustration system capable of showing the projected annual accumulation of life insurance cash values that (under current interest and mortality charge assumptions under a given life insurance carrier's life contract and authorized projections thereof) will provide collateral for a mortgage and which will eventually pay off that mortgage with the after-tax proceeds from surrendering the insurance policy after a stipulated period.

Brief Summary Text (32):

Still another object of this invention is to provide a computerized insurance and mortgage illustration system capable of showing the projected annual accumulation of life insurance cash values that (under current interest and mortality charge assumptions under a given life insurance carrier's life contract and authorized projections thereof) will provide collateral for a mortgage and which will eventually pay off that mortgage with the proceeds from a life insurance policy loan after a stipulated period.

Brief Summary Text (33):

Still another object of this invention is to provide a computerized insurance and mortgage illustration system capable of showing the projected annual accumulation of life insurance cash values that (under current interest and mortality charge assumptions under a given life insurance carrier's life contract and authorized projections thereof) will provide collateral for a mortgage and which will eventually pay off that mortgage with the proceeds from life insurance policy death benefits.

Brief Summary Text (34):

Still another object of this invention is to provide a computerized insurance and mortgage illustration system capable of showing the projected annual accumulation of life insurance cash values that (under current interest and mortality charge assumptions under a given life insurance carrier's life contract and authorized projections thereof) will provide collateral for a mortgage and which will eventually pay the interest on that mortgage with the proceeds from life insurance policy loans after a stipulated period.

Brief Summary Text (35):

Still another object of this invention is to provide a computerized insurance and mortgage illustration system capable of showing the annual death benefit amount which will provide for the payment of the remaining principal owed in each year over the stipulated term of the mortgage.

Brief Summary Text (36):

Still another object of this invention is to provide a computerized insurance system capable of identifying potentially higher risk individuals and providing specialized insurance values for those individuals in an illustration of a mortgage using life insurance cash values as collateral.

Brief Summary Text (37):

Still another object of this invention is to provide a computerized insurance and mortgage illustration system incorporating a central database into which data is written and from which such data is read, to provide the prospective applicant with finally printed, individualized, loan and insurance application forms prepared from standardized textual material in combination with the aforementioned information.

Brief Summary Text (40):

In accordance with the broad, general objects of this invention, a computerized investment and mortgage illustration system is provided for use in illustrating and supporting an innovative financial product. The innovation involves a financial product using an investment other than a down payment (such as cash value life insurance) as collateral and a repayment means for a mortgage, preferably wherein the financial product is devoid of a cost containment clause. This can be accomplished, for example, by having the borrower own an insurance policy and use the policy to secure the loan. In one embodiment (to which the present invention is not limited), a party other than the lender or insurer can illustrate a combination of life insurance and a mortgage preferably selected from those of numerous lenders and insurers.

Brief Summary Text (41):

Accordingly, the present invention involves processing information in a standardized manner, preferably to package an individually selected mortgage product with an individually selected investment product, the products each being selected from respective groups of such products made available by different suppliers. The packaging process tailors the financial product to the prospective applicant's particular needs.

Brief Summary Text (42):

The system can, for example, be owned and operated by a suitably licensed national intermediary, for example, a broker or data processing company. The intermediary would work in conjunction with lenders, securities firms and life insurance companies (and their agents and representatives) and with mortgage brokers to design, develop, and distribute investment and mortgage products. The investment and mortgage products, when used in combination with one another, will provide mortgages using an investment as supplemental collateral acceptable to lenders, mortgage insurers and endorsers, and investors in the secondary market for mortgages. The intermediary, operating nationally in cooperation with lenders and utilizing the system provided by this invention, can facilitate the sale of the

combined investment/mortgage products by providing authorized lawyers, real estate agents, accountants, financial consultants, relocation specialists, corporate benefits advisors, or mortgage and/or life insurance agents and securities brokers with access to the system of this invention via remote terminals. As compensation for its work in designing the products, maintaining the system, and administering new kinds of supplemental collateral made possible by the system, the intermediary and user of the system would receive commissions for the sale of investments or, when appropriate, would receive fees for services provided.

Brief Summary Text (43):

Having a data processor or broker working in conjunction with lenders differs from past intermediaries both in the United States and the United Kingdom in that the system of this invention creates for the first time the capability of offering a number of different investment and mortgage products which may be used in conjunction with one another. By bringing these disparate products together in a combined format that is understandable to the end customer, the system permits the customer to have the benefit of access to a new composite mortgage instrument with supplemental security which would otherwise not be available, without encountering the aforementioned problems of the prior art.

Brief Summary Text (45):

A central processing unit in a digital computer is at the heart of the system. The central processing unit can access a database into which data is written and from which data is read. That data includes information regarding life insurance, mortgage information, actuarial information, insurance premium information, and predetermined text data for incorporation into the combined mortgage and insurance illustrations. The computer system further includes information corresponding to requirements of laws and regulations governing insurance and information on personal tax rates.

Brief Summary Text (47):

In accordance with one desirable aspect of the invention, information regarding a life to be insured and other data needed to provide illustrations of a mortgage using life insurance as collateral for that individual is keyed into the central processing unit by a system user using a keyboard at a video display terminal. To assist the user in entering the appropriate data, a series of data comprising a "form" is displayed on the user's terminal by the central processing unit, and the user will normally proceed to enter pertinent information in the blanks provided. This information constitutes such things as the potential borrower's name and address, the amount of the mortgage requested, the amount of life insurance coverage required, the individual's personal tax rate, the number of points required by the lending institution, the individual's age, sex, and health status, and any other information necessary in providing an illustration of a mortgage using life insurance as collateral. This information is correlated via the central processing unit, resulting in the generation of premium quotation and mortgage illustration information. This information is then displayed at the user's terminal and can be printed out on the user's printer. Thus, in a matter of minutes, a prospective applicant is apprised of information pertinent to the mortgage such as (but not limited to) what the up-front payment and monthly payments would be for the mortgage if life insurance is used as collateral.

Brief Summary Text (48):

Once data called for by the "form" is entered into the computer system at the user's keyboard, a client information file or database record (hereinafter "client file") is established which will be variously updated as the user conducts sensitivity analyses of the impact of different insurance and loan related assumptions on the ultimate amount of the up-front payment and the mortgage. Once the prospective applicant decides to apply for a life insurance policy and loan, a final version of the illustration is saved by the user in a master database file for later retrieval and processing.

Brief Summary Text (50):

In the event that the prospective applicant wishes to proceed immediately to obtain the respective applications for the insurance and mortgage products, the system is capable of taking the information stored in a final illustration database file, requesting a minimum of information otherwise not required in the illustration process (such as the prospective applicant's personal balance sheet information, which typically is required in the loan application form) and merging it with prepared textual information about the insurance and loan products to generate printed application documents in a form acceptable to, and previously approved by, the lender and the insurance company. The system also permits the user to separately enter these forms and fill the forms out electronically. The application forms still require signature by the prospective applicant, however. When signed, these forms are sent, for example, by mail or courier, to the lending institution and the system owner/operator for further processing. Should the prospective applicant wish to have this process expedited, the user may send the information on the signed forms electronically to a computer at the lending institution and/or system owner/operator, facilitating processing in advance of the receipt of the signed paper copies.

Brief Summary Text (51):

An alternative method for entering client data into the system, rather than by entering this data directly at a user's terminal, is to have the prospective applicant manually complete insurance and loan illustration request forms which may or may not have been generated at the user's terminal. The request form can be sent by mail or courier to the system operator and entered by the user into the computer system.

Brief Summary Text (52):

By means of the aforementioned computer system, this invention makes it possible for the first time to offer the American consumer a US mortgage arrangement which will perform like the endowment mortgage available in the United Kingdom. This mortgage/insurance financial product (referenced herein as the "Ryan Mortgage") has innovative characteristics uniquely suited to the US legal environment, but without the drawbacks of LLOYD. Unlike LLOYD, the Ryan Mortgage is typically not a single financial product necessarily offered by a single seller (e.g., a lender). In a preferred embodiment, it is a combination of two or more different financial products offered by different suppliers (i.e., multiple lenders and multiple insurance carriers). Because the consumer, not the lender, is the owner of the life insurance policy, there is no cost containment clause in the Ryan Mortgage.

Brief Summary Text (53):

Also, the borrower owns the means for repaying the mortgage; the borrower may completely repay the mortgage without having to purchase the means for repaying the mortgage from the lender. Like the UK product, the key components to the transaction may include: a balloon repayment mortgage, life insurance coverage equal to the amount of the mortgage, and a separate vehicle for accumulating principal. Vehicles for accumulating principal might include a universal life insurance contract, an Individual Retirement Account, Keough Account, or zero coupon bond.

Brief Summary Text (54):

This description will focus on a preferred embodiment of the invention using as an investment a universal life insurance policy, but it is to be explicitly understood that other equivalent investments can be used as a means for repaying the mortgage, e.g., term life insurance with a zero coupon bond, IRA, Keough Account, or tax-deferred annuity, or some other (preferably tax-favored) means for producing secured revenue in conjunction with life insurance. Indeed, in another embodiment of the present invention, an investment for repaying the mortgage can be selected from any two or three of a group consisting of a life insurance policy, a security,

and an annuity. Further, the mortgage repayment vehicle can comprise a plurality of these investments selected from the group.

Brief Summary Text (55):

As in the UK, a purchaser of a Ryan Mortgage will enjoy fully deductible mortgage interest payments over the life of the mortgage. Premium payments provide life insurance coverage, and tax-free growth of principal for the repayment of the mortgage.

Brief Summary Text (56):

Unlike the UK product or a conventional US mortgage, the Ryan Mortgage completely or partially replaces the traditional mortgage down payment with an insurance purchase. For example, to purchase a \$262,000 home rather than pay \$52,400 (20% of the home purchase price) as a down payment and borrow the remaining \$209,600, the Ryan Mortgage home buyer pays \$31,586 (12% of the home purchase price) to purchase a life insurance contract and borrows \$262,000, the full purchase price of the home. The \$31,586 life insurance investment provides paid up coverage for the remainder of the borrower's life. The policy also accumulates sufficient cash value to repay the \$262,000 balloon payment mortgage loan when it comes due, for example, in thirty years. The borrower pays only monthly interest charges on the mortgage. Monthly mortgage payments do not include principal repayment. Monthly mortgage payments are one hundred percent tax deductible over the life of the mortgage. (See Specimen 2.)

Brief Summary Text (57):

Normally lenders are reluctant to provide financing for one hundred percent of the purchase price of a home and are unwilling to wait until the end of the mortgage for the repayment of principal. However, under the Ryan Mortgage, the lender has additional security: the real estate plus the insurance.

Brief Summary Text (58):

The Ryan Mortgage offers the borrower at least two premium payment methods. The first is a lump-sum prepayment. With a lump-sum prepayment, the home buyer deposits an amount sufficient to pay the first scheduled premium. He or she also deposits enough money to purchase an annuity contract that will pay three annual premium payments (for example) for the second through fourth years of the life insurance contract. For example, of the \$31,586 payment described above, \$8,916.16 would go to pay the first scheduled premium payment and \$22,669.84 would go to purchase an annuity at the date of the mortgage closing. Over the next three years, the annuity will make the premium payment of \$8,916.16 on the anniversary of the mortgage transaction. After making his or her lump-sum payment, the home buyer normally makes no further premium payments. While interest rates remain at or above the rate projected, these premium payments will be sufficient to ensure that the life insurance contract remains in force over the life of the mortgage. The premium is also large enough to assure that the policy will accumulate sufficient cash value to repay the mortgage by the end of the mortgage term. Normally, the lump-sum prepayment needed will be less than twenty percent of the purchase price of the home. (The standard down payment amount of a conventional home purchase is twenty percent of the purchase price.) Also, the after-tax monthly cost of the all-interest monthly mortgage payments will typically be less than or equal to the cost of a conventional mortgage with a similar down payment amount.

Brief Summary Text (59):

The second premium payment method involves the participation of a guarantor. A guarantor could be an employer wishing to provide a benefit for its employees to relocate for business purposes. Also, a guarantor could be a lender providing an irrevocable letter of credit in exchange for a fee. The guarantor provides financial assurances to the lender that the home buyer will make the annual insurance payments. In a guaranteed transaction, the homeowner's premium payment would usually be less than five percent of the purchase price of the home. For

example, ten annual premium payments of \$4,700.70 could provide adequate cash value to pay off the \$262,000 mortgage obligation in the last year of the mortgage. A guarantor arrangement allows the home buyer to make a drastically reduced up-front payment. In this example, the first of ten annual premium payments, \$4,700.70, amounts to 1.79% of the \$262,000 home purchase price. However, the transaction will require the home buyer to make, for example, nine additional premium payments in upcoming years. These insurance payments are divided into monthly payments and paid into an escrow account. Thus, in the first years, the monthly cost to the prospective applicant will include these amounts which may inflate the Ryan Mortgage cost versus the conventional mortgage. Since the insurance premiums are typically lower for younger individuals, the Ryan Mortgage will be most attractive to that kind of person. Younger individuals, such as first time home buyers, are also the ones most likely to need the smallest possible up-front payment. (See Specimen 5 for sample system output.)

Brief Summary Text (60):

Under both premium payment plans, the borrower makes a collateral assignment of the policy to the lender or a third party endorser of the mortgage, such as a federal mortgage endorsement agency or a private mortgage insurance company. Under the terms of the collateral assignment agreement, the assignee has claim to the life insurance contract until the borrower repays the mortgage. When the borrower repays the mortgage, title to the home and the insurance policy vest in the borrower. If the borrower dies before the end of the mortgage term, the borrower's estate receives tax-free life insurance death benefit proceeds after deduction of the amount required to repay the mortgage obligation.

Brief Summary Text (61):

Should the home be sold for an amount which permits the mortgage to be paid out of the proceeds, the borrower will retain ownership of the life insurance contract. Such a life insurance policy has many uses. For example, the policyholder may use the policy as supplemental collateral for another mortgage and to replace the down payment in a subsequent home purchase and mortgage transaction.

Brief Summary Text (62):

Alternatively, the homeowner may not want to enter another Ryan Mortgage transaction. If so, he or she can keep the policy and take advantage of the many other benefits of a permanent life insurance policy. A policyholder may use the life insurance policy as a savings vehicle, a source of additional life insurance coverage, a source of cash for other obligations, or a means of financing retirement benefits. For example, the policyholder may pay additional premiums and enjoy tax-free accumulation of the invested principal. The policyholder may elect to reduce his or her coverage and withdraw cash from the policy via partial withdrawals or policy loans. Policy distributions can be used to pay for major expenses such as a new car, a medical emergency, or college tuition payments for children. If the policyholder no longer needs life insurance coverage, the policyholder can enter into a tax-free exchange of the life insurance policy. For example, the policyholder can exchange the life insurance policy for an annuity that provides monthly income in retirement.

Brief Summary Text (63):

The Ryan Mortgage has other unique features designed to maximize benefit to the consumer and minimize the after-tax cost of financing the mortgage. The homeowner may repay the mortgage in one of at least three ways at the end of the mortgage term. First, the homeowner may surrender the life insurance contract and use the proceeds of the policy surrender to pay off the mortgage. Under US tax law, presently, the policyholder must pay taxes on the interest income accumulated over the basis in the contract in the event of policy surrender. However, the policyholder will have had the benefit of tax-deferred accumulation of interest on the principal for up to forty years. Normally, cash value accumulated by the end of the mortgage will be sufficient to both repay the mortgage and pay the taxes on

interest earnings.

Brief Summary Text (64):

Second, the homeowner may use a policy loan to pay off the mortgage. Life insurance contracts typically permit policyholders to borrow against the cash value of the life insurance policy. A policy loan differs from a mortgage or other loan from a lender in that the policy loan is non-recourse debt. The insurance company, in issuing the policy loan, has recourse only to the life insurance policy cash value. Under some policy loan provisions, as long as the policy cash value exceeds the policy loan balance, the policyholder need never pay interest on the loan, or repay the policy loan balance. When the policyholder dies, the policy loan is deducted from the policy death benefit and the insurance company will pay the net death benefit remaining to the policyholder's estate.

Brief Summary Text (65):

The advantage of a policy loan over a policy surrender has to do with the income tax effects of the two transactions. Proceeds from policy surrenders which are in excess of the basis (premiums) represent taxable income to the policyholder. On the other hand, policy loans are not taxable income to the recipient. Therefore, by using a policy loan to repay the mortgage, the homeowner can simply hold the policy until death. Using this method, the policyholder never has to pay taxes on the accumulated interest earned in the life insurance contract.

Brief Summary Text (66):

A third option may be available to the homeowner with a good credit record during the life of the mortgage. The homeowner may roll over the mortgage in the last year and hold it until death. By using life insurance policy loans at the beginning of each year to pay the annual mortgage interest, the policyholder keeps more money in the life insurance contract and maintains a higher death benefit than if the money had been used to pay off the mortgage immediately. This approach also allows the homeowner to maintain tax-deductible mortgage interest payments in retirement.

Drawing Description Text (2):

FIG. 1 is a schematic representation of the computerized insurance and mortgage illustration system of the present invention.

Drawing Description Text (5):

FIG. 3A-1 represents a schematic flow chart of the logic used in making standardized or "generic" illustrations designed to provide potential purchasers with examples of how the life insurance and mortgage combination might perform, according to the present invention.

Drawing Description Text (9):

FIG. 3E-1 represents a flow chart of the logic used in electronically completing and/or printing a mortgage loan application form and storing the information contained on the mortgage loan application form in a database of the host computer for later retrieval, in accordance with the present invention.

Drawing Description Text (11):

FIG. 3G-1 represents a flow chart of the logic used to access the host computer for, and/or print out information regarding, current loan rates and other mortgage-product related information.

Drawing Description Text (12):

FIGS. 3H-1-3H-2 provide a flow chart of the logic used in recalculating a homeowner's mortgage and premium payments in a given year after the mortgage transaction has been completed.

Drawing Description Text (111):

FIG. 35A, which continues through FIG. 35C, represents a portion of an example of a

residential loan application, Specimen 9, in accordance with the present invention.

Detailed Description Text (6):

Specimens 1-9 provide examples of printed product illustrations, a life insurance application form, and a mortgage application form which can be created by the present invention. The printed illustrations also include prepared textual information explaining the use of life insurance as collateral for a mortgage, life insurance policy information, mortgage information, and a comparison of these and other forms of financing.

Detailed Description Text (7):

Specimens 2-7 show an illustration of an investment, here exemplified as a life insurance policy, used as at least a partial replacement for a down payment, when contrasted with a conventional mortgage. (An illustration is a printed or visual representation of estimated values which permits a customer for or seller of a financial product to understand how that product will perform given a specified set of assumptions.) This investment/collateral/mortgage repayment means is owned by the home buyer.

Detailed Description Text (10):

The following is a description of a preferred embodiment and best mode of the invention. The following includes a description of the manner in which the computerized insurance system of the present invention can be made and used. Some of the unique insurance and mortgage transactions that are carried out by this system are described in detail. Other transactions are described more generally. In the interest of brevity, a highly detailed description of each and every one of the data transactions that may be performed by the computerized system of the present invention is not provided. But based upon the detailed description of certain examples, and the knowledge of those familiar with the life insurance industry and the mortgage lending industry, how to make and use the present invention should be readily apparent from the information provided herein.

Detailed Description Text (11):

Generally, in the computations underpinning the use of a mortgage in conjunction with life insurance as collateral, there is a computer system for producing an illustration of an investment as a means for repaying a mortgage. The system includes a digital computer for receiving input data and for storing borrower information and investment information. The digital computer is programmed with means, responsive to the data, the borrower information, and to the investment information, for computing an amount of investment funding sufficient to repay the mortgage and for generating an illustration of said investment as a means for repaying the mortgage. Further, the computer system is devoid of means for generating an illustration of a mortgage plan having a cost containment clause.

Detailed Description Text (12):

More particularly, the computer system requests that a user input data specifying the kind of mortgage and the kind of insurance policy (e.g., or some equivalent financial vehicle) to be illustrated. This information is stored in the computer's database system. Also, the computer is programmed to make calculations of loan and insurance values and other data needed for the illustration. When all the values have been computed and written to the database, the computer will then combine them with text data to provide an illustration that can be printed out. This information will also be stored in a database and may be updated as needed.

Detailed Description Text (13):

Once the user, in consultation with a prospective borrower, has designated the illustration as complete, data in the database can be merged with stored text data and other input data in order to produce loan and insurance application forms. These forms can be printed out on the user's printer for signature by the

prospective applicant and for subsequent processing by the system operator, the life insurance carrier, and the lender.

Detailed Description Text (14):

FIG. 1 shows an overview of a data processing system for producing an insurance policy/mortgage illustration according to the present invention. The Data Input Screen 2, discussed more fully hereinafter, can be produced on Terminal 4, for example an IBM compatible PC running Smarterm 340 (available from Persoft Corp.), with a Local Printer 5, e.g., a laser printer. Terminal 4 is linkable to Communications System 6. The Communication System 6 can be a modem and appropriate telephone lines. Communications System 6 is thus linkable to a Digital Computer 8, for example, a Digital Equipment Corporation VAX with a VMS operating system, ORACLE, and WordPerfect (e.g., 5.1) from WordPerfect Corporation. Digital Computer 8 is operably connected to Central Printer 9. The Digital Computer 8 contains a Central Processor 10 that is operable to obtain Loan/Insurance Product Information 12, Loan Rate Information 14, and Insurance Premium Information 16. The respective information of Blocks 12, 14, and 16 can optionally be accessible on line to other computers or stored as data in a System Database 17 of the Digital Computer 8.

Detailed Description Text (16):

Central Processor 10 is also operable to activate a function Print Out Loan/Insurance Application Forms on Central Printer 22, which points to the function Fill In Forms 24 to selectively transmit Loan Application Data To Lender 26 and Life Insurance Application Data To Carrier 28.

Detailed Description Text (18):

When the system is accessed, the user must choose the transaction desired, and the selection will vary by the type of user. A management level user with a higher level of authority can update the data used in the illustration process. This data includes, but is not limited to: (1) current interest rates and other charges for loans offered by the lenders wishing to provide loans collateralized with life insurance; (2) insurance underwriting related values, including age, sex, and health characteristics, premium amounts to be applied, cash value accumulation, annual death benefit amounts, and typical policy interest crediting rates and insurance charges; (3) all of the illustrations saved in the Database 17 which may be used for manipulation and analysis in both the marketing and underwriting functions carried out by an insurance agent, a carrier, and a lender; and (4) administrative messages from other users. Otherwise, a non-management user of the system has access to only a portion of the system.

Detailed Description Text (19):

Prior to engaging the computerized aspects of the present invention, the user should consult with the prospective applicant to obtain such information as the prospective insured's age and sex, the amount of the mortgage desired, the individual's ability or willingness to provide a down payment on the property, the individual's employment status, whether or not the individual has certain health problems which may require specialized insurance underwriting, whether or not the individual's employer is currently involved in a program that will guarantee the payment of policy premiums, etc. After this information-gathering step has been completed, the user "logs" on at Terminal 4 by entering an assigned authorization password.

Detailed Description Text (28):

Turning now to FIG. 3 where the logic proceeds from Illustration 42 of FIG. 2, the user is presented with a Select Type Of Illustration 56 submenu, shown as a portion of User Screen 1. Each of the functions of the submenu of Branch 56 will be presented in summary form here and described subsequently in detail. One function is Generate Generic Illustration 58, which is elaborated by FIG. 3A-1. Generally, Function 58 permits the user to quickly provide an illustration of how a mortgage using life insurance as collateral might work for a standard mortgage amount. By

limiting the number of variables and illustrating a standard amount, this Function 58 allows the user to quickly provide the prospective applicant with enough information to decide whether a mortgage using life insurance as collateral might be of interest. The information created in this Function 58 can be sent directly to the Local Printer 5 for review by the prospective applicant.

Detailed Description Text (29):

A second function under Submenu 56 is Generate New Applicant Illustration 60, which goes to FIG. 3B1. This Function 60 permits the user to provide a detailed presentation, tailored to the prospective applicant's own factual situation, of how a mortgage using life insurance as collateral might perform for the prospective applicant. This Function 60 also allows the user to save the illustration for later updates and to send the illustration to the Local Printer 5 for review by the prospective applicant.

Detailed Description Text (32):

Print Loan Application 66 goes to FIG. 3E-1. This Function 66 allows the user to: (1) take the information generated and saved in the aforementioned illustration process, add to it, and merge it with loan application form text data to provide a customized, printed loan application form for signature; (2) electronically save in a file the customized loan application form; or (3) print out a partially completed or blank loan application form for later manual completion by the prospective applicant.

Detailed Description Text (33):

In another embodiment of the present invention, a Block can be added at this point to perform the analogous function for a securities brokerage account application form to permit use of a security and/or an annuity as the investment to repay the mortgage.

Detailed Description Text (35):

Review Loan Rates 70 goes to FIG. 3G-1. This Function 70 allows the user to be quickly apprised of current loan rates and other timely product information from lenders. This information coincides with the Generate New Applicant Illustration 60 and Update Existing Applicant Illustration 62 functions. Information may also be read from the screen or printed out.

Detailed Description Text (36):

With further reference to FIG. 3, it should be noted that, in another embodiment of the present invention, the computer system is modified to accommodate other species of investment for repaying the mortgage. The modifications would include adapting FIG. 3, particularly Blocks 58, 60, and 62, to consider these additional investments. These other investments can include, for example, joint or joint and survivor life insurance, insurance (such as term insurance) in combination with an annuity or securities (for example, a zero coupon bond), an Individual Retirement Account (IRA), or a Keough Account. In the interest of brevity, this application will not delve into each of these variations on the theme of a preferably tax-exempt repayment vehicle for serving as partial down payment and the means for repaying the mortgage. A suitably skilled computer programmer would recognize from the detailed description of the logic, user screens, specimens, and text discussion herein, that the logic would simply be modified to focus on distinctive features of the other repayment vehicle(s). Thus, for example, the alternate embodiment of the computer system would be adapted to obtain data and compute information sufficient for determining how and when the repayment vehicle will pay off the mortgage. The data can be obtained, for example, in a manner parallel to that described in Insurance Premium Information 16 or via modem, for example, from a plurality of stock brokers. There would be means for generating an illustration of such an investment, along with investment implementing documentation, brokerage account applications, etc. Similarly, the logic described herein can be modified to reflect different mortgage products. These can include fixed and variable rate mortgages.

with negative or positive amortization. While the fixed rate mortgages would be handled by means for computing fixed rate mortgage payments, an adjustable rate mortgage would be more complicated, having a means for computing extra amortization of mortgage principal when interest rates are low, and negative amortization when interest rates are high. The cash value accumulation can be treated as an offset to negative amortization.

Detailed Description Text (37):

Turning now to FIG. 3A-1, the Generate Generic Illustration 58 function is illustrated. The Function 58 begins with User Screen 3 via Block 72, which asks the user to input the age and sex of the prospective client. A Ryan Mortgage involves the payment of monthly interest only on the loan, with repayment of principal at the end of the mortgage term. Conventional amortization mortgages, on the other hand, involve a gradual repayment of principal over the term of the mortgage. Since a preferred embodiment of this invention involves the illustration of how accumulated life insurance cash values may be used to pay off the mortgage at the end of the mortgage term, the amount and timing of the principal repayment is an important variable in the presentation of mortgage alternatives.

Detailed Description Text (40):

In addition, User Screen 3, Block 72 in FIG. 3A-1, asks the user to select the preferred mortgage repayment plan. Each plan offers distinct financial advantages to the prospective applicant and allows him or her to select the plan that best suits his or her needs.

Detailed Description Text (42):

User Screen 4 depicts Submenu 73, also known as the Generic Supermenu. After modifying whatever data the prospective applicant wishes to change, Block 74 saves the data. Block 74 also finds loan rates from the Database 17, Block 76 gets the average loan rates, and Block 78 gets average closing costs.

Detailed Description Text (43):

Retrieve Average Closing Costs 78 uses an average loan closing cost based on the amount of the mortgage by consulting the database of average closing costs, as measured, for example, by the Department of Housing and Urban Development or some other reliable source of statistics on the costs involved in completing a home purchase transaction.

Detailed Description Text (48):

Blocks 92 and 86 identify a count of products to be illustrated and Block 94 initializes a counter to keep track of the number of products being illustrated. Solicit Premium Payment Plan 96 solicits the mortgage repayment plan, unless this data has already been selected as part of the generic illustration in User Screen 3.

Detailed Description Text (49):

The insurance illustration aspect of the present invention involves computing the amount of up-front payments required to obtain an insurance policy that will, after N years (typically thirty), have sufficient cash value to repay the mortgage. Given the selection of how the user premium payments will be made, the user must select how the mortgage will be repaid in Block 98. Under existing law, the mortgage can economically be repaid in one of three ways. The policyowner may surrender the contract and use policy proceeds to repay the mortgage. In this case, the system assigns a value of 0 to the mortgage repayment variable, LOPT, in Block 98. The policyowner may use a policy loan to repay the mortgage and plan to hold the life insurance contract until death. In this case, LOPT is set equal to 1. Alternatively, the policyholder may hold the mortgage and life insurance policy until death, using annual policy loans to pay the mortgage interest, in which case LOPT is set equal to 2. The user may select any combination of the premium payment and mortgage repayment options at the outset of the illustration process.

Detailed Description Text (50):

There is no formula for the correct premium amount. Instead, in FIG. 3B-5, the system uses formulas that project a cash value amount corresponding to a given premium amount and premium payment plan. The system tests this cash value amount to see if it falls within the system's mortgage repayment guidelines as defined in Blocks 102 and 104 of FIG. 3B-4. (Separate guidelines exist for each mortgage repayment plan.)

Detailed Description Text (53):

The two premium payment plans have two system defaults, although others may be used at the discretion of the system owner/operator. For a sponsored transaction in which a corporation or financial services institution guarantees the payment of premiums, the default number of premium payments is ten. The home buyer pays one as part of the mortgage closing, and pays the remainder in monthly installments to a lender escrow account over the next nine years. For a lump-sum prepayment of the premium, the default number of premiums is four. One is payable at closing, and the rest are prepaid by an annuity purchased at the closing. The system ignores the annuity cost calculation until it has solved for the correct four premium payment amounts. (Specimens 2-4 show sample illustrations assuming lump-sum prepayment of the premium, and specimens 5-7 show illustrations assuming sponsored mortgage transactions.)

Detailed Description Text (54):

More particularly in Blocks 106 and 108, the first way the mortgage can be repaid is by surrendering the policy. In searching for this amount, the system will iteratively solve for an amount of cash value targeted in FIG. 3B-4, Block 104. This amount will repay the mortgage assuming the policyowner/borrower surrenders the policy at the end of the last year of the mortgage. To arrive at the appropriate cash value amount, the system will iteratively repeat the following six steps until it arrives at a premium amount that will generate an after-tax cash surrender value equal to the mortgage principal:

Detailed Description Text (56):

2) Use the selected premium amount to compute a cash value in the Nth year of the mortgage;

Detailed Description Text (57):

3) Compute a life insurance policy basis by adding up cumulative premiums over the life of the mortgage;

Detailed Description Text (61):

For example, assume the amount of the mortgage is \$262,000 and the homeowner's expected tax rate in year thirty of the mortgage is thirty-four percent. The system will iteratively solve until it arrives at a premium amount of \$35,664.64 (\$8,916.16 annually for four years) and a cash value amount of $[(\$378,608.59 - \$35,664.64) \cdot (1 - 0.34)] + \$35,664.64 = \$262,007.64$. (Specimen 2 shows sample output for this mortgage and the LOPT=0 mortgage repayment method. Specimen 5 shows sample output for this mortgage assuming a sponsored premium payment plan and LOPT=0).

Detailed Description Text (62):

The second way in which the mortgage may be repaid is using a life insurance policy loan. This illustration assumes that the policyholder elects to take a policy loan against the cash value of the policy in the last year of the mortgage. Then the policyholder uses the proceeds of the policy loan to repay the borrowed mortgage principal. In this way the homeowner is converting debt with recourse (the lender has recourse to the mortgaged property and the life insurance policy) to non-recourse debt (the insurance company has recourse only to the life insurance policy).

Detailed Description Text (63):

With this second method of mortgage repayment, the system at Blocks 106 and 108 uses a different definition of adequate cash value in Block 102. The adequate cash value amount is enough to allow the policyholder to maintain the policy until death. The system assumes death at age ninety-five or ninety-nine, depending on the requirements of the specific policy being illustrated. For the policy to remain in force until that age, both the policy cash value and death benefit must always exceed the outstanding policy loan balance. Policy loan balances grow in tandem with cash values. Rather than pay each year's policy loan interest, the policyholder may elect to add this interest to the policy loan principal as additional policy borrowing. By means of a default, the system assumes that the policyholder never repays the policy loan and holds the policy and policy loan until death. (Specimen 3 shows sample system output for such a mortgage, a lump-sum prepayment, and LOPT=1. Specimen 6 shows the same transaction assuming a sponsored transaction.)

Detailed Description Text (64):

In the example described above, the system illustrates the policyholder receiving a policy loan equal to \$262,000 in the Nth year of the life insurance contract. This amount is enough to repay the mortgage on the home. The policy loan eliminates the mortgage obligation. The terms of the life insurance contract illustrated might call for a policy loan rate of 9.5%. The system would then project the policy loan interest equal to \$24,890 at the end of the N+1st year of the life insurance contract. At the beginning of the N+2nd year, the policy loan interest for the previous year would be added to the policy loan and the new policy loan balance would be \$286,890. For the N+2nd year, the system would calculate policy loan interest based on the current year's policy loan balance of \$286,890. The policy loan interest would therefore be \$27,254.55 in the N+2nd year. At the beginning of the N+3rd year, this would be added to the policy loan balance. The system would repeat this procedure until the final year of the illustration, when the insured reaches age ninety-five or ninety-nine.

Detailed Description Text (65):

The system projects cash value amounts which may be adjusted by the policy loan balance. The system guideline or target cash value for this computation is the cash value balance net of policy loan balances and accrued policy loan interest. This amount must be slightly greater than zero in the policy year that the insured would have his or her ninety-ninth birthday. The invention allows for two different rates at which interest will be credited toward cash value balances. The first rate is the unloaned funds credited rate, which is the rate credited on policy cash values not subject to liens from policy loans. The second rate is the loaned funds credited rate, which is the rate earned on that portion of the cash value that the policy has borrowed against.

Detailed Description Text (66):

Returning to the above example, assume that the system lowered its initial premium plus annuity payment to \$26,151. The system now projects the cash value to be \$302,973.30 in the thirtieth year of the mortgage. After the homeowner uses the \$262,000 policy loan to pay off the mortgage obligation, the cash value will remain at \$302,973.30. However, by year 30 the remainder will be equal to \$40,973.30 net of policy loans. This amount, \$40,973.30 net of policy loans, will earn interest at an unloaned funds credited rate. The \$262,000 in cash value nominally collateralizing the policy loan will earn interest at a loaned funds credited rate.

Detailed Description Text (67):

In most universal life insurance policies the loaned funds credited rate is much lower than the policy loan interest rate. This creates a negative arbitrage or "spread" between the interest earned and interest paid within the two accounts of the policy. Because of this negative spread, policy loan balances typically grow

much more quickly than the policy cash value. After a few years, policy debt will exceed cash value. At this time, the policyholder must either pay additional premiums, reduce the policy loan balance, or allow the life insurance policy to lapse. Using the above example, assume the individual requesting the illustration is a male aged thirty-two at the time of the illustration. Assume further that the loaned funds credited rate is a full three percentage points less than the 9.5% policy loan rate. Here again the system will compute the policy cash value as \$302,973.30 in year 30. However, by year 36 of the policy, the policy loan balance plus outstanding policy loan interest would be \$451,633.35, while the policy cash value would be \$440,503.71. This would force the policyholder to pay additional premium payments or allow the policy to lapse (and pay the tax consequences) in the following year.

Detailed Description Text (68):

On the other hand, assuming a zero spread policy loan, by the end policy of year 36, the policy cash value would be \$511,955.57. The policy loan balance plus outstanding policy loan interest would again be \$451,633.35, yielding a net cash value of \$60,322.21. Assuming constant interest rates and mortality charges, the policy would remain in place until the insured's assumed death at age ninety-nine when the net cash value would be \$354.43. So long as interest rates remain relatively constant, no further premium payments are required of the insured.

Detailed Description Text (69):

Low or zero spread policy loans have been available to policyholders in the past. However, their use has been limited previously to key-man or corporate owned life insurance policies. They have not heretofore been used in conjunction with home mortgages in accordance with the teachings of the present invention, wherein a system illustrates, monitors, and administers these policy cash values and policy loan balances efficiently and at low cost. This capability permits carriers to offer prospective applicants a low or zero spread policy loan for use in the repayment of mortgages. Such a spread is preferably less than 300 basis points. The use of these smaller spreads minimizes the ratio of cash value to policy loan value required to keep the policy in force over the life of the policy. This, in turn, reduces the amount of up-front premium payments required in the funding of the transaction.

Detailed Description Text (70):

The third illustration option (LOPT=2) is computed using the target cash value for the zero-spread/low spread policy loan option described above (LOPT=1) and computed in Block 102. This is because it assumes a roll-over of the mortgage obligation. In this scenario, at the end of the term of the mortgage, the homeowner requests a new mortgage. The lender will approve such a transaction subject to a second credit review and collateral evaluation in the last year of the mortgage. The system therefore calculates an amount of premium plus annuity (\$26,151) which will provide for repayment of the mortgage in the Nth year (assuming LOPT=1), then shows alternative uses of the policy as of that year.

Detailed Description Text (71):

This third method assumes the homeowner does not pay off the principal in year N. Instead, he or she rolls over the mortgage and uses policy loans thereafter to pay the mortgage interest. The mortgage is held until the death of the homeowner. Mortgage interest is paid using zero or low spread policy loans from the life insurance policy. This method of mortgage repayment is attractive to those wishing to maximize the amount of life insurance death benefit payable to their estate. For the above example, assuming death at age ninety-nine, the death benefit net of policy loans would be \$1,868,160.32. The policy loan balances in this repayment option remain extremely low compared to the policy cash value and death benefit (\$5.8 million vs. death benefits of \$8.2 million). Therefore, an amount of premium plus annuity to generate enough cash value to pay off the mortgage at the end of the mortgage term assuming LOPT=1 (\$26,151) will be more than sufficient to carry

the policy until the insured's ninety-ninth birthday. (Specimen 4 shows sample system output assuming the above-characterized mortgage, a lump-sum prepayment premium plan, and LOPT=2. Specimen 7 shows the same transaction but with a sponsored premium plan.)

Detailed Description Text (75):

Next the system computes the financial advantage to the prospective applicant of the Ryan Mortgage in Block 135. The computation compares these costs for the Ryan Mortgage and a conventional mortgage after five and ten years. The analysis also includes a comparison of the homeowner's equity in the home, assuming the home buyer enters into a conventional mortgage transaction, and the accumulated cash value in the life insurance contract in the Ryan Mortgage. This analysis appears in Specimens 2-7.

Detailed Description Text (76):

Next, the system provides an analysis of the effect of a change in interest rates on the required premium payment and cash value in Block 136. The system conducts this analysis first, by assuming the interest rate index pushes the carrier's credited rate down to the guaranteed rate and second, assuming the index pushes the mortgage rate up to the lender's cap after the first year. (The system does not perform the second analysis in the event a fixed rate or variable mortgage with no cap has been chosen.)

Detailed Description Text (77):

The first analysis assumes a decline in interest rates. Using the premium amount previously solved for, the system reprojects the cash value assuming mortality charges remain constant, but interest rates go down to the carrier's guaranteed rate. The analysis, provided for years 2 through the end of the mortgage, also assumes that in each year the customer is required to make additional premium payments. These additional premium payments are equal to one-twelfth of the difference between the cash value as it was originally projected and the cash value assuming a minimum guaranteed interest rate (plus premium processing charges). The payments are made monthly to the lender where they are held in escrow until the end of the year whereupon they are sent to the carrier. Because in a preferred embodiment of the invention the carrier credited and mortgage interest rates are tied to the same index, the decrease in the mortgage cost in most years will be less than the increase in the cost of a supplemental premium.

Detailed Description Text (78):

The additional premiums paid by the borrower will also permit the home buyer to pay off the mortgage sooner, assuming the home buyer has chosen to repay the mortgage by surrendering the life insurance contract. This is because the additional premium increases the policyholder's basis, thereby reducing the amount of the cash value which must be used to pay taxes upon surrender.

Detailed Description Text (79):

The second analysis made by the system in Block 136 assumes that the interest index rate rises, pushing the mortgage interest rate up to the cap. In a preferred embodiment of the invention the mortgage interest rate is variable. The carrier's crediting rate also rises with the index. This, in turn, causes cash value to accumulate faster than originally projected. This will permit the home buyer to pay off the mortgage sooner. The interest rate sensitivities summarized in Block 136 appear in Specimens 2-7.

Detailed Description Text (80):

These analyses, furthermore, permit the system to automatically generate Truth in Lending disclosures. By calculating the maximum cost to the consumer, assuming both maximum and minimum interest rates, the system apprises the consumer of the maximum mortgage cost in any year.

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L4: Entry 14 of 19

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Jan 31, 2006

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DOCUMENT-IDENTIFIER: US 6993505 B1

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DATE-ISSUED: January 31, 2006

INVENTOR-INFORMATION:

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See application file for complete search history.

PRIOR-ART-DISCLOSED:

U.S. PATENT DOCUMENTS

[Search Selected](#)[Search ALL](#)[Clear](#)

PAT-NO	ISSUE-DATE	PATENTEE-NAME	US-CL
<input type="checkbox"/> <u>4989141</u>	January 1991	Lyons et al.	705/36
<input type="checkbox"/> <u>5262941</u>	November 1993	Saladin et al.	<u>705/38</u>
<input type="checkbox"/> <u>5274547</u>	December 1993	Zoffel et al.	<u>705/38</u>
<input type="checkbox"/> <u>5813009</u>	September 1998	Johnson et al.	707/100
<input type="checkbox"/> <u>6259456</u>	July 2001	Gibson	345/433

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ART-UNIT: 3624

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ASSISTANT-EXAMINER: Karmis; Stefano

ATTY-AGENT-FIRM: Marcou; George T. Kilpatrick Stockton LLP

ABSTRACT:

The present invention discloses a method and system for collecting, standardizing, and analyzing lending data from all the offices of a financial institution, including information on small business, home equity, motor vehicle, credit card, mortgage, other secured and unsecured consumer products for commercial, community development, not-for-profit, and consortium customers. The invention enables data collection and analysis in a timely fashion such that interim reports may be prepared so that changes in lending practices can be implemented to assist with assuring compliance with the fair lending acts. A central repository is linked to all of the offices of the financial institution, and data mapping features are used to provide standardized reporting so that all data will be reported in a standardized form. The system processes, collects and standardizes information on new loans, renewals, credit line increases and application decisions for all of the business units within a financial institution. The present invention permits internal management reporting for review of performances against the CRA and HMDA plans. It also permits preparation of the reports for filing with the federal regulatory agencies, such as OCC, FRS and OTS. Furthermore, the present invention permits rapid response to federal regulatory agency audits of reported CRA and HMDA information.

9 Claims, 17 Drawing figures

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L4: Entry 14 of 19

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TITLE: Method and system for performing CRA, HMDA, and fair lending analysis and reporting for a financial institution

Abstract Text (1):

The present invention discloses a method and system for collecting, standardizing, and analyzing lending data from all the offices of a financial institution, including information on small business, home equity, motor vehicle, credit card, mortgage, other secured and unsecured consumer products for commercial, community development, not-for-profit, and consortium customers. The invention enables data collection and analysis in a timely fashion such that interim reports may be prepared so that changes in lending practices can be implemented to assist with assuring compliance with the fair lending acts. A central repository is linked to all of the offices of the financial institution, and data mapping features are used to provide standardized reporting so that all data will be reported in a standardized form. The system processes, collects and standardizes information on new loans, renewals, credit line increases and application decisions for all of the business units within a financial institution. The present invention permits internal management reporting for review of performances against the CRA and HMDA plans. It also permits preparation of the reports for filing with the federal regulatory agencies, such as OCC, FRS and OTS. Furthermore, the present invention permits rapid response to federal regulatory agency audits of reported CRA and HMDA information.

Brief Summary Text (2):

The present invention relates generally to a system and method for collecting, reporting, and other loan analysis information management for a large financial institution, and in particular, to a system that assists a financial institution with extracting relevant data from all of its legal entities and storing this data in a common repository in a normalized fashion such that the institution may prepare reports to assist with or fulfill compliance with federal law, such as the Community Reinvestment Act (CRA) and Home Mortgage Disclosure Act (HMDA).

Brief Summary Text (4):

Recently, Congress enacted the CRA and HMDA to ensure fairness in lending by financial institutions. CRA regulations requiring the reporting of small business lending for legal entities in the United States went into effect Jan. 1, 1996, for data collection. Additional regulations went into effect on Jan. 1, 1997, for initial reporting and on Mar. 1, 1997, for data submission reporting. The requirements apply to small business and farm loans, community development loan data, and data on lending by consortium or a third party. In addition, some financial institutions may elect to report consumer loans and affiliations. The HMDA requires similar reporting regarding home mortgages. Accordingly, all U.S. legal entities processing qualifying loan originations and purchases, credit line increases, annual renewals, or maintenance for these entities are required to begin methodically reporting qualified data to a collection unit as of Jan. 1, 1996. In addition, the following products will be processed as well: all liability products (consumer and Business & Professional (B&P)) that are Federal Deposit Insurance Corporation (FDIC) insured, Community Development loans, affiliate lending, and service transactions.

Brief Summary Text (6):

As noted above, specific reporting requirements under the CRA/HMDA include: 1) Small Business and Farm Loans; 2) Community development loan data; 3) Data on Lending by consortium or a third party; and 4) Home Mortgage loans. Small Business and Farm Loans are those with gross annual revenues of \$1 million or less based on revenues that the bank used in making the credit decision. For a banking institution, these loans can include the following: Loans Originated or Purchased; Business Ready Credit and Checking Plus loans; Tailored Lines and Loans; Monthly Payment Business Loans; and Mortgages.

Brief Summary Text (7):

In addition to required reporting, optional data collection and maintenance methods are allowable under the CRA/HMDA. These data collection and maintenance options may be categorized into five broad areas: 1) consumer loans; 2) other loan data; 3) data on affiliate lending; 4) assessment area data; and 5) CRA disclosure statement.

Brief Summary Text (8):

For consumer loans, a financial institution may choose to collect data originated or purchased for consideration under the lending test. The institution's reporting include one or more of the following categories: 1) motor vehicle (including indirect business); 2) other secured (installment); 3) credit card (affiliate lending) business and consumer; 4) home equity; and 5) unsecured. If a portion of a credit line (e.g., home improvement loan) is reported under HMDA and another portion meets the definition of a small business loan, the full amount of the line of credit should be reported as a small business loan. The agencies will also consider as a home mortgage loan the portion of the credit line that is reported under the HMDA.

Brief Summary Text (9):

For data on affiliate lending, the bank may elect to report for consideration loans by any of its affiliates, such as bankcards, leasing, franchises, student loans, and mortgages. Data must be maintained separately by each category and include the following for each loan: 1) unique alpha/numeric loan number; 2) the loan location; and 3) the gross annual income of the borrower/co-borrower that the bank considered in making the credit decision. For some loan data the bank must provide information concerning its lending performance, including additional loan distribution data.

Brief Summary Text (10):

For assessment area data, the bank must collect and report all data to the Federal Reserve Board starting Mar. 1, 1997, for each assessment area showing the geographies within the areas. For the CRA Disclosure Statement, the Federal Reserve Board will generate annually a CRA Disclosure Statement for each bank on a state-by-state basis. An assessment area consists generally of one or more Metropolitan Statistical Areas (MSAs) or one or more contiguous political sub-divisions such as counties, cities, or towns, and includes the geography in which the bank has its main office, branches, deposit taking Automatic Teller Machines (ATMs), as well as the surrounding geographics in which the bank has originated or purchased a substantial portion of its loans, including home mortgage loans, small business and farm loans, and any other loans the bank chooses (e.g., consumer loans on which the bank elects to have its performance assessed).

Brief Summary Text (11):

Under federal law, each bank's assessment area must consist only of whole geographies and may not reflect illegal discrimination. In addition, the assessment may not arbitrarily exclude low or moderate income geographics or extend substantially beyond a MSA boundary, or beyond a state boundary, unless the assessment area is located in a multi-state MSA.

Brief Summary Text (12):

In general, large financial institutions have a need for automated systems and methods for centralizing all CRA/HMDA reporting. This need has not been met by the current art because such financial institutions typically have disparate businesses, affiliates, products, customers and systems, and these hurdles have prevented development of single CRA/HMDA repositories and encompassing processes to handle internal Management Information System (MIS) and federal filing needs. Such system needs include not only management of the complex organizational and product sets, but also the extremely large volume of loan records these types of financial institutions must report.

Brief Summary Text (17):

It is an object of the present invention to solve the problems of existing art by providing a method and system for automatically assisting a large financial institution with its reporting and other loan analysis information management, including those that occur under fair lending requirements of the CRA and HMDA. Specifically, the present invention is directed to a method and system that assists a financial institution with extracting relevant data from all of its legal entities and storing this data in a common repository in a normalized fashion such that the institution may prepare reports to assist with or fulfill compliance with federal law, such as federal lending laws, including the CRA and HMDA.

Brief Summary Text (25):

The present invention is able to handle all the internal MIS and federal filing needs of a very large financial institution with disparate businesses, affiliates, products, customers and systems by virtue of its ability to manage, manipulate, and extract information from these sources. Via this system and method, the present invention not only manages the complex organizational and product sets, but also handles the extremely large volume of loan records a financial institution is required or chooses to report. The present invention enables the financial institution to properly record, geo-code and report all CRA and HMDA eligible mandatory and optional data in correct and expected formats for purposes of submitting necessary reports to regulatory agencies to satisfy the regulation.

Description Paragraph (5):

FIGS. 4A1 3 detail the data elements from the Private Bank Loans CRA file required to fulfill CRA reporting according to the present invention for an example lending institution.

Description Paragraph (6):

FIG. 4B depicts the Private Bank Loan/CRA product mapping used in an embodiment of the present invention for an example lending institution.

Description Paragraph (7):

FIG. 4C shows the CRA/HMDA Control Report by Source Product for Private Bank Loans, which provides a listing of all product codes extracted from the source file for an example lending institution.

Description Paragraph (9):

FIG. 4E shows the CRA/HMDA Control Report by CRA/HMDA Product for Private Bank Loans, which provides the totals of extracted loans in the current processing period by government CRA/HMDA product codes for an example lending institution.

Description Paragraph (11):

FIG. 4G shows the CRA/HMDA Source File Reconciliation Report for Private Bank Loans for an individual business, which provides an overall picture of an individual business' CRA/HMDA performance by CRA/HMDA Action type for an example lending institution.

Description Paragraph (13):

FIG. 4I provides a sample of the CRA/HMDA Source File Reconciliation Report for Private Bank Loans for all businesses, which is a Grand Totals summary report used for an example lending institution.

Description Paragraph (14):

FIG. 4J shows the Product Detail Financial Control Balance Report for Private Bank Loans, which provides a listing of all source product codes extracted from a source file during the current processing period for an example lending institution.

Description Paragraph (21):

The present invention is able to handle the internal MIS and federal filing needs of a very large financial institution with disparate businesses, affiliates, products, customers and systems by virtue of use of a centralized repository. The present invention not only manages the complex organizational and product sets, but also handles the extremely large volume of loan records a financial institution is required or chooses to report. The present invention enables the financial institution to centrally record, geo-code and report all CRA and HMDA eligible mandatory and optional data in correct and expected formats for purposes of submitting necessary reports to regulatory agencies to satisfy the regulation.

Description Paragraph (25):

The present invention includes a process and resulting repository that will collect and standardize information on new loans, renewals, credit line increases and application decisions for all U.S. based businesses within the organization. This repository contains normalized information on small business, home equity, motor vehicle, credit card, mortgage, other secured and unsecured consumer products for commercial, community development, consumer, not-for-profit and consortium customers.

Description Paragraph (29):

Thus, data from a variety of sources 1 4 are fed into a computer system that automatically extracts certain types of information, such as data on new loans and credit line increases. The data, which are reformatted, parsed, and then geo-coded using a system such as the Harte-Hanks method 5, is then fed into the MicroData/LAR Preparation 6 portion of the system, where several functions are performed on the data. In an embodiment of the present invention, the MicroData/LAR Preparation 6 includes bankcard data extraction, student loan data extraction for desired assessment areas, control reporting performance, year-to-date master maintenance, top line edit routines performance, backup, archiving and purge processing, and establishment of product, organization, and affiliate codes from the central reference tables.

Description Paragraph (32):

The operation of an embodiment of the present invention may be more easily explained using an example of reporting by a large banking institution. This application refers to such reporting by using data for Citibank. At Citibank, some of the legal entities that may report CRA and HMDA data include regional marketplaces, mortgages, credit cards, economic development, leasing, and other lending entities.

Description Paragraph (33):

At Citibank, for required reporting for small business and farm loans under the CRA/HMDA, the system utilizes the following data and methods: 1) a unique alpha/numeric symbol to identify loans; 2) loan amount at time of origination; "Loan Amount" is defined as the size of the line of credit or loan commitment when the line/loan was granted; "Loan Amount" for loan participation or syndication is the entire amount of the credit originated by the lender; the amount of the line increase is also considered the "Loan Amount" and a new origination; 3) loan location; 4) geo-coding of all business addresses; and 5) reporting by aggregate number and loan amounts and for each geography in which the bank has originated

small business or farm loan.

Description Paragraph (34):

For reporting for community development loan data and data on lending by a consortium or a third party, the system as applied to Citibank aggregates the number and amounts for each geography in which the bank originated or purchased a community development loan. For reporting for home mortgage loans, the Citibank version of the system requires information to support reporting by the location of each home loan application, origination, or purchase outside the MSAs in which the bank has a home or branch office.

Description Paragraph (40):

In an embodiment of the present invention, data extraction involves obtaining information relevant to the CRA and HMDA statutes from the various products and services provided by the financial institution. In FIG. 3, Data Extraction comprises an element of Feed Data 30. For the Citibank example, these sources include bankcards and student loans.

Description Paragraph (44):

File Delivery Data Example Using Citibank's Private Bank Loans

Description Paragraph (45):

To further detail how an embodiment of the present invention applies the system and method to each component of a sophisticated banking institution, this section details information and processes relating to one of the file delivery elements discussed above for Citibank. In order for the data from each of these feeds to be processed, detailed coding and information analysis must be tailored to the type of feed data that the source provides. The following example details data for the Private Bank Loans feed for the Citibank example.

Description Paragraph (46):

The Private Bank Loans feed contains origination, renewal, and line increase information for both consumer and Business and Professional (B&P) accounts. The CRA process selects CRA eligible accounts from the Private Bank Loans file based on the following criteria: 1) for new accounts, the value in the opening date field of the repository for the account must fall within the processing period; 2) for renewal loans, the value in the renewal date field must fall within the processing period; and 3) for line increases, the value in the line increase date field must fall within the processing period. All accounts supplied on this feed are identified as Private Bank; a further breakdown by business is available for Private Bank Federal Savings Bank (FSB) accounts.

Description Paragraph (47):

Private Bank Loans produces a new monthly file for the CRA process. A Sector CIDBase program at Citibank receives an extract from the Private Bank Hogan Loans system; this feed includes CRA related fields. Private Bank produces one file for use by Sector CIDBase and a second file that contains additional loan records for Private Bank Western Hemisphere and Private Bank FSB. Commitment records are also included.

Description Paragraph (48):

For CRA purposes, the present invention only processes those accounts that are either new bookings or were renewed or received line increases during the current processing period. While the Private Bank Loans file provides information down to the draw level, Sales Support reports CRA information at the note level. Individual draw records are bypassed by the CRA process.

Description Paragraph (49):

The Private Bank Loans CRA file provides information on letters of credit, full earning loans, non-accrual loans, reserve loans, and suspense loans. At Citibank,

Sales Support extracts records for Full Earning Loans (Product Code `LNS`) and Commitments (Product Code `CMT`)--all other records are bypassed. Sales Support also assigns CRA product codes based on the Compliance approved Private Bank Loans. Private Bank notifies Sales Support when new product codes are created so that this mapping can be updated. Sales Support builds CRA product codes using the source field supplied by Private Bank Loans; additional qualifiers are added to the CRA field to segregate Commercial/Retail and Secured/Unsecured accounts.

Description Paragraph (51):

The chart shown in FIG. 4A1 3 details the data elements from the Private Bank Loans CRA file required to fulfill CRA reporting. Accounts are identified as CRA eligible if one of three dates (Opening, Line Increase, Renewal) falls within the current processing period.

Description Paragraph (53):

Loan Number

Description Paragraph (54):

The WS-PBLOAN-ACCT-NUMBER field contains a fifteen digit loan number that can be tied back to the Private Bank Hogan origination system. Commitment records contain zero values in this field. Standalone loans can be further identified by zero values in the WS-PBLOAN-ACCT-CRA-COMTMNT-NO field. Individual notes are bypassed in favor of their commitment records. Sales Support populates the loan number field in the following manner.

Description Paragraph (55):

Standalone Loans

Description Paragraph (56):

Identify standalone loans by non-zero values in WS-PBLOAN-ACCT-NUMBER and zero values in WS-PBLOAN-ACCT-CRA-COMTMNT-NO (if non-zero, bypass record, as this record is part of a commitment).

Description Paragraph (60):

Sales Support extracts records where WS-PBLOAN-PROD-CODE is equal to the designation `LNS` or `CMT.` All other records are bypassed. Sales Support builds a seven character product code field, using WS-PBLOAN-PROD-CODE as the initial source of information; this four character code is moved to the last four bytes of the CRA product code field (right-justified, zero filled). The first byte of this field contains a customer type indicator (R=Retail, C=B & P); the second byte indicates if the loan is secured (S=Secured, U=Unsecured); a zero is moved to the third byte. For example, the CRA product code for a Retail, Secured Full Earning loan would be: RS00LNS. R Retail customer S Secured loan 0 Zero moved to third byte 0LNS `LNS` Private Bank product code right-justified, zero filled.

Description Paragraph (62):

Product Mapping The Private Bank Loan/CRA product mapping is shown in FIG. 4B.

Description Paragraph (70):

The report shown in FIG. 4E provides totals for extracted loans in the current processing period by government CRA/HMDA product codes. This report provides Compliance with an overall picture of the business' CRA/HMDA performance within a specific source file.

Description Paragraph (73):

Report # 3--CRA/HMDA Monthly Extracted Record Analysis The report shown in FIG. 4G provides an overall picture of the business' CRA/HMDA performance by CRA/HMDA Action type. This report enable Compliance to monitor the total number of loans extracted from the current source file, in comparison to the file's entire portfolio. In addition, this report details the number of originations, renewals,

etc., extracted for a business during the current processing period.

Description Paragraph (85):

In an embodiment of the present invention, the Reformatting and Normalization functions of the system are closely related. Reformatting includes custom data extraction and conversion, reportability determination for both HMDA and CRA, and Loan Type differentiation. Loan Type differentiation includes new loans, line increases, and renewals. Normalization includes identification of initial/default settings, parsing and geo-coding transactions, and product normalization.

Description Paragraph (100):

The desktop editing interfaces include 1) monthly downloads, such as those containing new originations, new purchases, line increases, commercial loan renewals, and data corrections (affiliate lending information is extracted by assessment area); and 2) monthly uploads with compliance geo-coding results.

Description Paragraph (106):

The present invention thus provides a method and system for collecting, reporting, and other loan analysis information management for a large financial institution. In particular, the system assists a financial institution with extracting relevant data from all of its legal entities and storing this data in a common repository in a normalized fashion such that the institution may prepare reports to assist with or fulfill compliance with federal law, such as the CRA and HMDA.

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US Reference Classification (2):

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US Reference Group (2):

US 5262941 A 19931100 Saladin et al. 705/38 cited by other

US Reference Group (3):

US 5274547 A 19931200 Zoffel et al. 705/38 cited by examiner

Other Reference Publication (23):

Avery, Robert B. et al. "Cross-lender variation in home mortgage lending." Economic Review, vol. 30, No. 4, pp. 15-29 (retrieved from DIALOG file 15, accession No. 00975175). cited by examiner

CLAIMS:

8. The method according to claim 7, wherein said plurality of sources includes at least one from the group of bankcard processing centers, student loan processing centers, business loan processing centers, and US territorial locations of the financial institution.

Previous Doc

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Inventor Name Search Result

Your Search was:

Last Name = BROADBENT

First Name = DAVID

Application#	Patent#	Status	Date Filed	Title	Inventor Name
09645217	6904412	150	08/24/2000	METHOD AND APPARATUS FOR A MORTGAGE LOAN ORIGINATOR COMPLIANCE ENGINE	BROADBENT, DAVID F
09645774	Not Issued	161	08/24/2000	Method and apparatus for worker compensation and task performance reporting in a mortgage loan transaction system	BROADBENT, DAVID F.
09645775	Not Issued	161	08/24/2000	Method and apparatus for a mortgage loan origination gateway	BROADBENT, DAVID F.
09645796	Not Issued	161	08/24/2000	Method and apparatus for verification of a qualified mortgage loan originator	BROADBENT, DAVID F.
09645798	Not Issued	161	08/24/2000	Method and apparatus for a mortgage loan process interaction gateway	BROADBENT, DAVID F.
09645799	6985886	150	08/24/2000	METHOD AND APPARATUS FOR A MORTGAGE LOAN MANAGEMENT SYSTEM	BROADBENT, DAVID F.
09645800	Not Issued	161	08/24/2000	Method and apparatus for a mortgage loan task flow process	BROADBENT, DAVID F.
09645801	Not Issued	161	08/24/2000	Method and apparatus for a mortgage loan transaction service provider gateway	BROADBENT, DAVID F.
09804942	Not Issued	30	03/13/2001	Method and apparatus for an advanced speech recognition portal for a mortgage loan management system	BROADBENT, DAVID F.
09804943	Not Issued	30	03/13/2001	Interface system for a mortgage loan originator compliance engine	BROADBENT, DAVID F.

<u>10755078</u>	Not Issued	25	01/09/2004	Method and apparatus for worker compensation and task performance reporting in a mortgage loan transaction system	BROADBENT, DAVID F.
<u>10775992</u>	Not Issued	25	02/09/2004	Method and apparatus for a mortgage loan task flow process	BROADBENT, DAVID F.
<u>11074321</u>	Not Issued	20	03/07/2005	Method and apparatus for a mortgage loan originator compliance engine	BROADBENT, DAVID F.
<u>60189635</u>	Not Issued	159	03/14/2000	Method and apparatus for a mortgage loan management system	BROADBENT, DAVID F.
<u>06674399</u>	<u>4595679</u>	150	11/23/1984	INSECTICIDAL COMPOSITIONS UTILIZING 2-PYRROLIDONES HAVING ENHANCED INSECT KNOCKDOWN CHARACTERISTICS	BROADBENT, DAVID J.

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